

The Delta Economy

Key Drivers of the Delta Economy

- Food production
- Tourism and recreation

Key Sectors of the Delta Economy

- Agriculture
- Accommodation and Food Services
- Arts, Entertainment, and Recreation
- Retail
- Manufacturing
- Miscellaneous Services
- Energy (wind/natural gas/power transmission)

Key Assets Supporting the Delta Economy

The Delta's key business sectors can sustain and even enhance themselves over time; however, to do to this, the local economy is dependent upon the region's unique natural and man-made assets, which include:

- **Water supply and quality** to support agriculture, domestic, industrial, and habitat needs
- **Land supply** to accommodate economic activities
- **Ecological health** to maintain the environmental quality that makes the Delta unique, including habitat areas and location on the Pacific Flyway
- **Accessibility** to accommodate movement of residents, goods, and visitors
- **Infrastructure** to provide necessary transportation, gas and electrical distribution and other utilities and services
- **Public safety**, including flood protection
- **Resident population** to provide labor and create demand
- **Revenue base** to support public services (including education) and infrastructure investment and maintenance

- **Legacy towns and other Delta residential communities** which provide housing, civic facilities, cultural resources, and everyday shopping and services needed for a functional local economy.
- **Supporting services** from regions surrounding the Delta

Factors Affecting Delta Economic Sustainability

Key Factors Affecting the Delta Economy as a Whole

- **Water Policies** – Affect the quantity and quality of water available to support the Delta economy, which will affect viability of different businesses that are water dependent, or water-oriented.
- **Land Use Policies** –Directly affect the Delta economy through restrictions on the types of economic activities that can be pursued in the Primary Zone. They also affect the supply of housing in the Delta to accommodate the labor force needed by Delta agriculture and other businesses. Land use policies in the Secondary Zone, particularly regarding urbanization, will affect the Delta economy through impacts on land uses that are permitted in the Primary Zone and potentially exacerbate environmental stressors affecting the Delta.
- **Flood Protection Policies** – Affect where businesses can operate and the costs of operations (e.g., flood insurance requirements, levee maintenance assessments). Because many key roads are built upon levees, inadequate levee maintenance jeopardizes the Delta transportation network.
- **Habitat Policies** – Affect the land available for economic activities, affect the tax base, and can indirectly affect the activities on nearby properties due to environmental restrictions.
- **Access** – Affects the cost of getting goods to market, ability to attract labor, and attraction of visitors.
- **Labor** – Is a key input for every business sector and has a significant impact on business viability.
- **Regulations** –Affect the cost and complexity of doing business in the Delta and the ability of the Delta economy to adapt as conditions change.
- **Climate Change** – While agreement does not exist in the Delta regarding climate change, there is recognition that the Delta economy must be ready to adapt to

natural changes; concerns about potential impacts of climate change compound concerns about flood protection in particular.

- ***Governmental Investments/Subventions*** – The Delta economy is dependent upon State and federal funding that leverages local dollars to construct and maintain infrastructure that serves the local area as well as the surrounding regions.
- ***Uncertainty*** - regarding the impact of future policy decisions affecting the Delta exacerbates the impact of the factors identified above. Key man-made uncertainties include: water policies, flood control policies, habitat policies, and infrastructure changes (e.g., changes in conveyance). Naturally occurring changes such as climate change and policies to deal with climate change also impact the factors identified above. With numerous plans and decisions pending, Delta stakeholders do not have a clear picture of what the future holds. This uncertainty creates an environment of enhanced risk, which impacts long-term planning and investment in the local economy.

Specific Factors Affecting Key Activities and Sectors

As noted previously, a range of factors will have differential effects on the different sectors of the Delta economy. Following are specific factors that affect core Delta activities and industries. It should also be reiterated that the business impacts of these factors will vary by location within the Delta.

Agriculture

- **Land supply** – is a requirement for all types of agriculture and supply is decreasing due to competition with other uses, including habitat.
- **Water** – Changes in rights, supply, quality, and/or cost will have direct impacts on agricultural viability.
- **Regulations** – Agriculture is a highly regulated industry and the trend is towards increased regulation specific to the Delta, which increases costs and limits the ability of agriculture to adapt.
- **Invasive species/pests** – create direct threats to crops as well as threats to market access, and invasive species problems are increasing.
- **Transportation** – transportation is a key component of agricultural production costs and a robust transportation infrastructure is needed. With loss of local processing facilities, transportation infrastructure is essential to move crops to market. . Traffic from other sources, such as tourism or inter-regional traffic, can create conflicts with agricultural transport.
- **Critical mass** – the agricultural sector relies on having a critical mass in order to operate efficiently; critical mass is needed to provide sufficient support for local support services and suppliers upon which farmers are dependent.
- **Changes in market demand** – “local food” movement, along with interest in natural and organic foods is creating new market opportunities given the Delta’s proximity to large concentrations of urban consumers.
- **Land use policies** - Updating land use controls to expand allowable uses on agricultural property such as wineries, packing sheds and processing facilities can help farmers to diversify their income streams and enhance sustainability. Land use policies should avoid conflicts with established agricultural activities.
- **Flood Protection** – Significant changes to water policy and or land use policies that impact agriculture can reduce resources available for levee maintenance and cause more demand for alternative uses of lands in the Primary Zone in order to sustain local efforts to maintain levee infrastructure.

Food Processing and Other Industrial Activities

- **Land use regulations** – will affect the locations where these activities can be carried out.
- **Other regulations** – will affect the complexity, and cost of doing business. Recognition of the unique aspects of agricultural-related businesses (e.g., seasonal activity, rural locations) is needed.
- **Utilities** – reliable and affordable utilities are necessary to support industrial uses.
- **Labor supply** – availability of a labor pool with a range of skills is necessary to support industrial activities.

General Tourism

- **Diversity of recreation, entertainment, and cultural attractions** – is necessary to attract tourists from across a broad demographic spectrum and a wide geographic range.
- **Availability of services, retail, accommodations, and infrastructure to support tourists** – These are necessary ingredients for a tourist destination and critical to encouraging visitors to spend more time and money in the Delta. Provision of appropriate services, such as trash receptacles, RV and boat pump-outs, public restrooms, and designated public recreation facilities will help minimize the negative impacts of tourists on the natural environment and on private property.
- **Environmental quality** – Most Delta tourism and recreation activity is water dependent or water-related. The Delta's competitive advantage in tourism is its unique natural environment; deteriorating environmental quality will discourage tourism.
- **Image/awareness of the Delta** – a positive image and strong market awareness is necessary to attract visitors from the competitive marketplace. Visitors need comprehensive information resources to help them plan their activities in the Delta; increased marketing is needed to educate markets about the Delta's visitor offerings.
- **Demographic and cultural shifts** – will affect the types of attractions and activities that will draw Delta tourists; this will require reinvestment and adaptation.

Boating

- **Quantity and quality of water** – the Delta relies on sufficient flows and quality of water in order to maintain its distinction as a unique freshwater boating destination.
- **Navigability of waterways** – the ability to travel through the network of waterways is a key feature of the Delta boating experience.
- **Boat launches and marinas** – provide access for boaters to the Delta waterways, including facilities for non-motorized watercraft
- **Support services for boats** (e.g., fuel, repairs, pumpouts, boat storage) – address vital needs of boat owners.
- **Access to towns via docks** – is needed so that boaters can take advantage of lodging, dining, shopping and services, and attractions.

Fishing and Hunting

- **Quantity and quality of water** – will have direct effects on the types, quantities, and health of fish in the Delta and on the overall fishing experience.
- **Health of habitat areas** – for fish and wildlife is are needed to support fishing and hunting.
- **Health of habitat areas is necessary to support** a diversity of fish and game populations, which in turn will support a range of fishing and hunting activities throughout the year, including fishing by people who rely on Delta fish for significant portions of their diet.
- **Access to water and land** – parking, piers/docks, boat launches, and access to river banks are necessary for land- and boat-based fishermen. Hunters also require access to public or private land.
- **Support services for fishermen and hunters** (e.g., bait shops, guide services, hunting clubs) – facilitate fishing and hunting activity and increase the local economic impacts from these activities.

Retail, Restaurants, Services, Visitor Accommodations

- **Infrastructure and buildings** – availability and cost will directly affect viability of businesses and the capacity to attract and serve the market.
- **Accessibility/visibility** – is necessary to attract customers.
- **Demand from residents, businesses, and tourists** – patronage from all three segments is necessary for Delta businesses to survive, particularly in light of the seasonal nature of tourism.
- **Labor supply** – is necessary to support these labor-intensive businesses. Given commuting costs and typical wages in these sectors, ability for employees to live near work will be critical to employee recruitment and retention.

Local Government/Public Services

- **Revenue base** – maintaining a local revenue base to support public services is critical to supporting local government’s stewardship responsibilities in the Delta and the critical public services provided to Delta residents, businesses, and visitors.
- **State and federal funding** – continuance of subventions and other funding from state and federal sources is necessary to leverage local dollars to protect and maintain critical infrastructure that serves the Delta as well as the surrounding regions. It is critical that secure long-term funding sources be established to address the maintenance needs of new habitat areas, public lands, and mitigation projects so that they do not become a burden on local government.
- **Residential population base** – maintaining a residential population base within the Delta is critical to public services that rely on economies of scale in order to remain viable. With their vested interest, local residents are the first in responding to high water events and other threats to infrastructure and the environment. Many public and non-profit organizations rely on local residents to volunteer and make philanthropic contributions.